

Chapter 199

(Senate Bill 466)

AN ACT concerning

**Income Tax – Credit for Physician Preceptors in Areas With Health Care
Workforce Shortages – Alterations**

FOR the purpose of altering eligibility for a certain credit against the State income tax for certain physician preceptors by repealing a requirement that a student in a physician preceptorship program be enrolled in a medical school or medical training program in the State and reducing the required number of hours for a preceptor rotation for community–based clinical training; limiting the excess amount of tax credit certificates that the Department may carry forward and issue in subsequent taxable years; and generally relating to a credit against the State income tax for licensed physicians serving as physician preceptors in areas with health care workforce shortages.

BY repealing and reenacting, with amendments,
 Article – Tax – General
 Section 10–738
 Annotated Code of Maryland
 (2022 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article – Tax – General

10–738.

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Department” means the Maryland Department of Health.
- (3) “Licensed physician” means an individual who is licensed to practice medicine under Title 14 of the Health Occupations Article.
- (4) “Preceptorship program” means an organized system of clinical experience that, for the purpose of attaining specified learning objectives, pairs an enrolled student of a Liaison Committee on Medical Education–accredited medical school [in the State] or an individual in a postgraduate medical training program [in the State] with a licensed physician who meets the qualifications as a preceptor.

(b) (1) Subject to the limitations of this section, a licensed physician may claim a credit against the State income tax in the amount stated on the tax credit certificate issued under subsection (c) of this section for the taxable year in which the licensed physician served without compensation as a physician preceptor in a preceptorship program authorized by an accredited medical school [in the State] and worked:

(i) a minimum of three rotations, each consisting of [100] **90** hours of community-based clinical training; and

(ii) in an area of the State identified as having a health care workforce shortage by the Department, in consultation with the Governor's Workforce Development Board.

(2) (i) The total amount of the credit allowed under this section for any taxable year may not exceed the State income tax imposed for that taxable year.

(ii) Any unused amount of the credit for any taxable year may not be carried over to any other taxable year.

(c) (1) On application by a licensed physician, the Department shall issue a credit certificate in the amount of \$1,000 for each student rotation of the minimum number of hours required under subsection (b)(1)(i) of this section for which the licensed physician served as a physician preceptor without compensation.

(2) The application shall contain:

(i) the name of the licensed physician;

(ii) information identifying the physician preceptorship in which the licensed physician participated;

(iii) the number and names of the students for whom the individual served as a physician preceptor without compensation; and

(iv) any other information that the Department requires.

(3) For any taxable year, the amount of tax credit stated in the tax credit certificate may not exceed \$10,000.

(4) The Department shall:

(i) approve all applications that qualify for a tax credit certificate under this subsection on a first-come, first-served basis; and

(ii) notify a taxpayer within 45 days of receipt of the taxpayer's application of its approval or denial.

(5) (i) For each taxable year, the total amount of tax credit certificates that may be issued by the Department under this section may not exceed \$100,000.

(ii) ~~¶~~ **SUBJECT TO THE LIMITATION UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH, IF** the aggregate amount of tax credit certificates issued under this section during a taxable year total less than the amount authorized under this paragraph, any excess amount may be issued under tax credit certificates in the next taxable year.

(III) THE AGGREGATE AMOUNT CARRIED FORWARD FROM ALL PRIOR FISCAL YEARS IN ACCORDANCE WITH SUBPARAGRAPH (II) OF THIS PARAGRAPH MAY NOT EXCEED \$100,000.

(d) On or before January 31 of each taxable year, the Department shall:

(1) report to the Comptroller on the tax credit certificates issued under this section during the prior taxable year; and

(2) report to the General Assembly, in accordance with § 2-1257 of the State Government Article, on the utilization of the credit established under this section.

(e) The Department, in consultation with the Governor's Workforce Development Board, shall adopt regulations to carry out the provisions of this section, including the criteria and procedures for application for, approval of, and monitoring eligibility for the tax credit authorized under this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.

Approved by the Governor, April 28, 2026.